HOUSE BILL 637

By: Delegate Carey
Introduced and read first time: January 31, 2022
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 3, 2022

CHAPTER ______

1 AN ACT concerning

Insurance – Title Insurance Producers – Annual Review

2 FOR the purpose of authorizing a title insurer to conduct a required annual review of a title
insurance producer in person, remotely by using mail, overnight delivery, or
electronic means, or by a combination of in–person and remote methods; and
generally relating to title insurance and the annual review of title insurance
producers.

3 BY repealing and reenacting, with amendments,
   Article – Insurance
   Section 10–121(k)
   Annotated Code of Maryland
   (2017 Replacement Volume and 2021 Supplement)

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
5 That the Laws of Maryland read as follows:

Article – Insurance

10–121.

17 (k) (1) (i) Except as provided in paragraph (5) of this subsection, the title
insurer shall during each calendar year conduct an [on–site] ANNUAL review of the
underwriting, claims, and escrow practices of each title insurance producer appointed by

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
Underlining indicates amendments to bill.
Strikeout indicates matter stricken from the bill by amendment or deleted from the law by
amendment.
the insurer as a principal agent as designated in the title insurance agency contract
between the insurer and the producer.

(ii) The [on–site] ANNUAL review shall include a review of the title
insurance producer’s or agency’s policy [blank inventory] ISSUING and processing
operations.

(III) THE ANNUAL REVIEW MAY BE CONDUCTED:

1. AT THE PLACE OF BUSINESS OF THE TITLE
INSURANCE PRODUCER;

2. REMOTELY BY USING MAIL, OVERNIGHT DELIVERY,
OR ELECTRONIC MEANS; OR

3. USING ANY COMBINATION OF ITEMS 1 AND 2 OF THIS
SUBPARAGRAPH.

[(iii)] (IV) If the title insurance producer or agency does not maintain
separate bank or trust accounts for each title insurer it represents, the title insurer shall
verify that the funds held on its behalf are reasonably ascertainable from the books of
account and records of the title insurance producer or agency.

[(iv)] (V) Subject to the requirement under paragraph (3) of this
subsection to report suspected violations that the title insurer has reasonable cause to
believe have occurred, if the title insurance producer or title agency holds an appointment
with more than one title insurer, the title insurer may limit its review to files, separately
held accounts, and written documentation relating to its title insurance policies.

(2) A written report setting forth the results of the [on–site] ANNUAL
review shall be prepared by the title insurer and is subject to examination under § 2–205
of this article.

(3) If, as a result of the [examination] ANNUAL REVIEW, a title insurer
has reasonable cause to believe that a title insurance producer or agency has engaged in
any of the prohibited activities set forth in § 10–126 of this subtitle, the title insurer shall
report in writing the suspected violation to the Commissioner [and submit a copy of the
examination] IN THE REPORT PREPARED UNDER PARAGRAPH (2) OF THIS
SUBSECTION IN A FORM AND FORMAT CREATED BY THE COMMISSIONER.

(4) The [examination] ANNUAL REVIEW required under this section is in
addition to any examination conducted by the Commissioner to determine compliance with
the accounts maintained for the benefit of the Maryland Affordable Housing Trust under §
22–105 of this article.
(5) The title insurer is not required to perform the ANNUAL review of a title insurance producer for the calendar year during which the title insurance producer is initially appointed if the appointment is made on or after June 30 of that calendar year.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2022.